

# Online Shopping Behaviour in Muslims Indonesian Millenials

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***Abstract: The purpose of this study is to analyze the moderating effect of online shopping motivation in the relationship between perceived risk and brand trust toward online shopping decision. Responden in this work are muslims millenials in Karesidenan Pekalongan Indonesia. This study used SPSS to analyze different test and AMOS program to finding moderation variable. Islamic values motivation is stronger moderated than hedonistic values and utilitarian values. Future research can explored more determinan of the transcendental values integration as Islamic values motivation in the online shopping behaviour.***

***Keywords: Online Shopping Motivation, Islamic Consumer Behaviour, Muslims Millenials, Islamics Values, and Purchase Decision***

## 1. INTRODUCTION

Millennial is the youth generation characterized as well-adapted technology users in their daily lives, values, life experiences, motivations, and purchasing behavior in general (Moreno et al., 2017). Indonesian Millennials are now a growing number, currently, at 103 million (Bappenas, 2018). They are looking for the latest products or services through shopping online. Millenial Nusantara that arround > 35% of Indonesian populations are a young population between 15 and 34 years (Setiyani et al., 2019).

Previous study shows that hedonistic values have stronger moderated than utilitarian values (Salim et al., 2019) in Indonesian millenials. Utilitarian value have a negative impact to brand affect (Chaudhuri & Holbrook, 2001). Millennials in Indonesia who shop online have hedonistic shopping motivation (Salim et al., 2019). In the real field, online customer (i.e. gojek, gocar) shopping their service because they are need to consumption.

The value of hedonistic consumption shows some consumer behaviour aspects related to multi-sensory, fantasy and emotional aspects of consumer's experience on the product (Babin et al., 1994). Utilitarian shopping value is usually related to customer needs to complete shopping objectives (Holbrook and Hirschman, 1982). The simple to define them are hedonistic is shopping to want, and utilitarian is shopping to need. In this study we examined between hedonistic motivation and utilitarian motivation with Islamic values as the new

moderated in the relationship between perceived risk and brand trust toward online shopping decision.

## **2. LITERATURE REVIEW**

### **2.1 Perceived Risk**

Perceived risk in online shopping have clasified to three types as dominant risks, namely product risk, information risk (privacy and security), and financial risk (Bhatnagar et. al., 2000). The perceived risk is consumers mental thought of a potential negative uncertain result from online transactions (Kim et al., 2008). According to Chang (2008), perceived risk is seen as a level of uncertainty related to conditions when a consumer does online shopping. Consumers feel risky in purchasing goods from the internet (Kuhlmeir and Knight, 2005; Dennon et al., 2006; Bianchi and Andrews, 2012). Indicators of perceived risk in this study are: the decision to download applications at risk, online purchases from websites are at risk because the products/ services provided unexpectation, risky for the quality products/services provided may be low, risky because they can cause financial losses, risky because it can be time-consuming, high potential risk in installing an application, subjective to product risks, and money loss.

### **2.2 Brand Trust**

An important indicator for building consumers trust in online transaction that is an intangible environment like the internet is the development of an online trust model which will help in turning the attention of offline consumers and internet browsers to online purchaser. Consumers online trust can be defined as the trust placed by a consumer in an e-vendor/merchant concerning a buying transaction or informational transaction (services) in an electronic commerce (e-commerce) environment, which is risky and uncertain (Alese, Dadao, and Ayeni, 2013). A need to trust intermediaries arises only in the presence of failing alternatives. It is therefore important that we step back and investigate why customers perceive a need to trust intermediaries in the first place (Datta & Chatterjee, 2008).

Therefore, trust in the brand became the basis of ongoing relationship in maintaining valuable and important relationships created by the existence of the trust. Trust in the brand is the customer's trust behavior toward online shopping decision, which is measured through three variable indicators, namely trust in the company competence in the information technology sector; trust in the reliability of company; and trust in conformity company towards the customer's personality.

### **2.3 Shopping Decision**

Shopping decision according to Schiffman and Kanuk (2008) is one of the psychological aspects that has a considerable influence on attitudes and behaviour. It is the tendency of consumers to buy a brand or take actions related to purchases that are measured by the level of the possibility of consumers making purchases (Assael, 2001). Online shopping decision is a significant predictor for actual purchases and is used to achieve actual purchase goals (Lee and Lee, 2015). Consumers' shopping decision is an online segment that is considered a predictor of purchasing behavior (Pavlou, 2003; Chen et al., 2010; Kim et al., 2008). After shopping intention, consumer take decision to buy the online product. This study used indicators: to be willing to purchase, to be possible to purchase goods in the future, to purchase goods and get as it is expected, to purchase the goods seen on the web in the near

future, to purchase goods only if needed, and to be willing to recommend to friends and family (Pavlou, 2003).

#### **2.4 Shopping Motivation**

Shopping motivation is driven by hedonistic factors and utilitarian factors (Arnold and Reynold, 2003; Kim, 2006; Babin et al., 1994). Motivation is the desire in individuals which forces them to act (Schiffman and Kanuk 2008). Hedonic and utilitarian values are the classification of dichotomized consumer values (Childers et. al., 2001; Eroglu et. al., 2005). Hedonistic value indicators used in this study: shopping for fun, experience, freedom, problem breakout, and the embodiment of fantasy (Babin et al., 1994; Hirschman and Holbrook, 1982). The indicators of utilitarian values are task, cognitive, and efficiency (Babin et al., 1994; Kim, 2006). In internet segment, one web application can be used for both utilitarian or hedonistic purposes and these might moderate user acceptance of this application (Childers et al., 2001).

#### **2.5 Islamic Values**

We proposed transcendental values integration as Islamic values in this study. According to statement (El-Bassiouny, 2016), intrinsic motivations, halal consumption, decreased materialism, and decreased consumerism are the Islamic values. Prioritization of values in this idea are future life, and the akhirat is the better than the world (Al A'la: 17). Transcendental values is an imperative to highlight that the maqasid ash-shari'ah represent shari'ah's objectives and not shari'ah itself in the aggregate monolithic sense. The prophet SAW is the sales good, but he sales in the way of God (Al Baqarah: 261, 265, 267) because his oriented is akhirat.

No manuscript can capture shari'ah (all Islamic legislation and jurisdiction) in itswholeness, complexity, and varied interpretations in relation to all aspects of life. The “maqasid ash-shari'ah” of preservation of religion, intellect, wealth, self, posterity, and faith represent the soul of Islamic legislation that permeate its inherent value system, and offer a broad framework for actions and deeds consistent with its morals, priorities, and ideals. The ultimate aim of the “maqasid,” is achieving “falah” (felicity and success) in both the mundane and eternal lives (El-Bassiouny, 2016).

#### **2.6 Hypothesis**

Basic in the literature review and research model, we proposed four hypothesis, they are: (1) Perceived risks by consumers negatively affect toward online shopping decision; (2) Brand trust by consumers positively effect toward online shopping decision; (3) There is a difference between the hedonistic, utilitarian and Islamic values shopping motivation as a moderation of the influence of the perceived risk of consumers in online shopping decision; (4) There is a difference between the hedonistic, utilitarian and Islamic values shopping motivation as a moderation of the influence of consumers brand trust in online shopping decision.

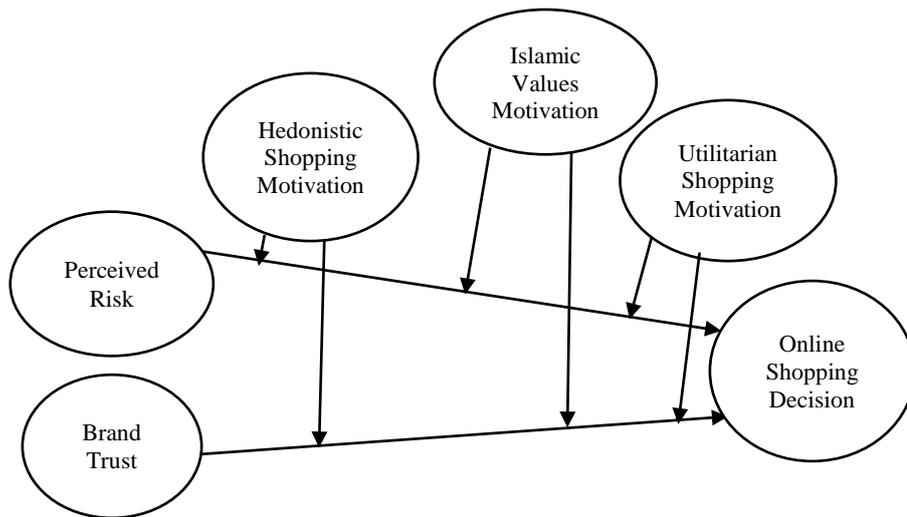


Figure 1. Research Model

### 3. RESEARCH METHOD

Responden in this work are muslims millenials in Central Java, Indonesia. Total questionnaires used in this study 170 from the answer respondens with age 19 – 23 years old. The tool used to analyze this study is interaction method by SPSS to analyze t-test and AMOS to analyze moderated variable.

### 4. RESULTS

#### 4.1 Validity Test and Reliability Test

An indicator is valid and appropriate as a composing construct if it has the factor loading of > 0.40 (Hair, 1998). In the structural equation model, validity is tested by looking at the value of factor loading resulted from the standardized loading for each indicator (Ferdinand, 2005). The reliability of constructs framing the model is analyzed by using construct reliability and variance extract. Ghozali (2008) have argued that the requirement of minimum value for construct reliability is at least 0.70, and for variance extract is at least 0.50.

Table 1. Validity and Reliability Test

Variable	Indicator	Factor Loading	Construct Reliability	Variance Extract
Perceived Risk	X1	0.869	0.796	0.569
	X2	0.722		
	X3	0.657		
	X4	0.712		
	X5	0.821		
	X6	0.765		
	X7	0.773		
	X8	0.853		
Brand Trust	X9	0.842	0.900	0.750
	X10	0.891		

	X11	0.865		
Online Shopping Decision	X12	0.670	0,720	0.566
	X13	0.826		
	X14	0.819		
	X15	0.873		
	X16	0.782		
	X17	0.671		
Hedonistic Values	X18	0.703	0.865	0.681
	X19	0.878		
	X20	0.858		
	X21	0.779		
Islamic Values	X22	0.824	0.821	0.663
	X23	0.905		
	X24	0.853		
	X25	0.794		
	X26	0.819		
Utilitarian Values	X27	0.851	0.874	0.689
	X28	0.791		
	X29	0.825		

#### 4.2 Goodness of Fit Test

The tested research model may be categorized as a good model, if the Chi-square value is low. The lower value of Chi- Square reflects the greater research model (Ferdinand, 2005). In example, the value of Chi-Square of this research for the hedonistic values as moderated variable model is 44.938, which is lower than the value of table Chi-Square of 215.812, with the margin of error is 1% and degree of freedom of 170. The value shows that the tested model is accepted at the good category. The resulted probability value is 0.204 which is higher than its cut-off value of 0.05, so the model is accepted at the good category.

The value of CMIN/DF of this research for the hedonistic values as moderated variable model is 1.183 which is lower than its cut-off value of 2.00, thus it indicates that the model is accepted at the good category. The resulted value of GFI in this research model is 0.957 which is lower than 0.90. The value indicates that the degree of the weighted proportion-fit from the variance of sample covariance matrix which is explained by estimated population matrix, is accepted at the good category.

The value of AGFI of this research model for the hedonistic values is 0.926 which is higher than the cut-off value of 0.90. Thus, the model can be accepted at the good category. The goodness of fit test result shows that the value of TLI is 0.987 which is higher than the cut-off value of 0.95 so the model is accepted at the good category. The value of CFI in this research model is 0.991 which is higher than the cut-off value of 0.95 so the model can be accepted at the good category.

Table 2. Goodness of Fit Test

Goodness of Fit Index	Hedonistic Values	Islamic Values	Utilitarian Values
Chi-Square	44.938	24.451	33.371
Probability	0.204	0.436	0.307
GFI	0.957	0.970	0.963
AGFI	0.926	0.944	0.932
TLI	0.987	0.999	0.995
RMSEA	0.033	0.011	0.026

#### 4.3. Hypothesis Testing

To solve the questions of the hypothesis can look p-value in the table 3. The causal relationship have accepted that hypothesis is for the p-value of  $< 0.05$ . The below table is the summary of the causal relationship result between variables in this study. Based on the table above, it can be seen that the p-value of the first, and second hypothesis is lower than the statistic value of alpha of 0.05 in which it indicates that the hypothesis are accepted.

Table 3. Regression Weight for Hypothesis Testing

Causal Relationship	C.R.	p value	Conclusion
Perceived Risk → Online Shopping Decision	-0.771	0.023	Supported
Brand Trust → Online Shopping Decision	1.913	0.051	Supported

#### 4.4. Moderated Effect and Differential Test

The results of the study obtained t-test values of  $-15.823$ , t table values of  $-1.64$  (one-sided hypothesis). The results show there are differences in hedonistic shopping motivation, Islamic values motivation, and utilitarian shopping motivation as a moderation of the effect of risk perceived by consumers in online shopping decision. Whereas the strong variable between hedonistic, Islamic values and utilitarian shopping motivations can be seen in Table 4. Since  $t_1$  represents Islamic values shows positive value thus it can be concluded that the stronger motivation is Islamic values motivation. This means that the muslims millennium generations in Indonesia who shop online have Islamic values shopping motivation. There is a transcendental values integration in online shopping decision (El Bassiouny, 2016).

According to Dowling (1994), perceived risk can be explained as consumer awareness about insecurity and contradictory consequences as a result of buying a product or service. Consumer perceived risk is an important barrier for online consumers who are considering whether to make an online purchase or not. Product risk is associated with the product itself, for example, product quality is unexpected or the product might turn out to be defective. Financial risks including opportunity and time costs are not related to products but with marketing channels (internet), for example, online transactions can be duplicated due to technical errors or double-click unwanted purchase buttons. Information risk is related to transaction security and privacy; for example, the requirement that consumers send credit

card information over the internet can cause concern because of the possibility of credit card fraud (Grady, 1997).

Table 4. Differential Test

Parameter	t test Perceived Risk	t test Brand Trust
SS1+SS2+SS3	0.185	0.163
b1-b2-b3	-0.173	0.059
df1+df2+df3	510	510
Total b1	1.095	1.177
Total b2	1.079	1.051
Total b3	1.087	1.215
t test	-15.823	7.173

(b1=Hedonic; b2=Islamic Values; b3=Utilitarian)

The results of the study obtained the value of t test of 7.173, the value of t table of 1.64 (one-sided hypothesis). This means that the value of t test > t table value, which indicates that there are differences between hedonistic shopping motivation, Islamic values shopping motivation, and utilitarian shopping motivation. Whereas the stronger variable between the hedonistic, Islamic values shopping motivation, and the utilitarian values influences on consumer brand trust in shopping decision can be seen in Table 4. Since t1 represents Islamic values and it is positive, it is concluded that the Islamic values is the stronger variable. This means that the Millennials in Indonesia who shop online have Islamic values shopping motivation, which means shopping need spirituality and religiosity satisfaction (El Bassiouny, 2016).

The higher consumer trust will lead to an increase intention to shop online (Thamizhvanan and Xavier, 2012). According to Corbitt et al. (2003). Trust is the most important factor influencing online shopping decision. Previous studies have recognized that electronic purchasing decisions are inherently risk, and therefore trust is an important factor to giving consumers the confidence they need to be involved in the transaction (Zhang, 2003). Trust in a website plays an important role in e-commerce, because consumers may not do online shopping if they don't trust the online sellers where they shop (Kim et al., 2011; Ponte et al., 2015; Jarvenpaa et al., 1999).

## 5. DISCUSSION

Muslims millennials are the unique generation, tend to spend their income through online shopping in their daily lives. Muslims Indonesian millennials always develop themselves to anticipate change as a result of technological advances. This is an opportunity for online sellers to increase the online purchase decision of the millennial generation in Indonesia.

The results of this study can be used by online sellers to increase the online purchase decision of Muslims millennials in Indonesia. Thus, it is suggested to online sellers to: (1) The perceived risk by the muslims millennial generation must be reduced. Online sellers must provide an easily-accessible application and the goods/services provided must meet the

expectations of the muslims millennial generation. The goods and services should support Islamic values shopping motivation (shopping to increased spirituality and religiosity), the goods must meet the Muslims millennial generation standard and quality, the price must be competitive with good shipping cost and no defects are received by Muslims millennial generation as the consumer. (2) The Muslims millennial generation's trust must be increased. Online sellers must keep promises and provide commitments such as providing high-quality goods and services, meeting the needs and demands of Millennials, and uphold honesty. To increase the success of an online product launching, it is necessary to instil the Islamic values. To improve the online marketing performance of new product, it is necessary to develop the success of launch of the product through instiling the Islamic values. Prioritization of Islamic values through behavior in daily life by decreasing consumerism, decreasing materialism, halal consumption, intrinsic orientation and motivation. The results of this study are in line with the theory which states that motivation is the one of the most important operative functions of online shopping behaviour, because the better the Islamic values motivation (in this case spirituality and religiosity motivation), the online shopping decision can be achieved.

## 6. CONCLUSION

The study result shows that Islamic values motivation have moderated affect toward online shopping decision. Islamic values motivation is the stronger moderated than hedonistic motivation and utilitarian motivation. Future research can explored more determinan of the transendental values integration as Islamic values motivation in Muslims Indonesian millenials.

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